

THE ADOPTION OF A DYNAMIC PURCHASING SYSTEM (DPS) FOR PUBLIC HEALTH PRIMARY CARE COMMISSIONING

To: **Health Committee**

Meeting Date: **November 8th 2018**

From: **Director of Public Health**

Electoral division(s): **All**

Forward Plan ref: **2018/069** *Key decision:* **Yes**

Purpose: The purpose of this paper is to describe the issues relating to the multiple primary care contracts that Cambridgeshire County Council (CCC) and Peterborough City Council (PCC) Public Health hold with primary care. Secondly to consider the proposal to adopt the “Dynamic Purchasing System” (DPS) contractual arrangements for Cambridgeshire County Council Public Health contracts with Primary Care providers for the duration of five years, effective from April 2019.

Recommendation: **The Health Committee is asked to agree with the proposal to adopt the Dynamic Purchasing System (DPS) contractual arrangements for the Cambridgeshire County Council Public Health contracts with primary care providers.**

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1. BACKGROUND

- 1.1 There are 77 GP practices and 109 community pharmacies located within the boundaries of CCC. All are offered, providing they meet the clinical requirements for providing them, the option of providing all or some of the services. In 2017/18 in CCC and PCC 91 practices provided at least one of the services. The majority provided all of them. Of the community pharmacies 46 provided EHC. There is a range of annual contract values between £15k to £30k per annum as the contract may include some or all of the services.
- 1.2 GP practices are in a unique position in terms of the provision of their services. Firstly in terms of access to the target populations for the services that are being commissioned means that they can improve their uptake. There is strong evidence that endorsement of a service by a GP or any clinician increases acceptability and compliance with a service. Access to GP records is necessary to identify and invite those eligible for an NHS Health Check.
- 1.3 Consequently when these primary care contracts transferred to Local Authorities in 2013, as part of the transfer of the Public Health function from the NHS to Local Authorities under the Health and Social Care Act they were not competitively tendered. Through the exemption process the contracts are renewed on annual basis.
- 1.4 The constant exemption processes and contract renewal is time consuming and challenges commissioning/contracting capacity and is not cost-effective given the large number of relatively low value contracts.
- 1.5 In addition primary care contractors are experiencing new expectations for their services and high levels of demand. The constant renewal of contracts is viewed as time consuming and is a disincentive to providing the services.
- 1.7 There are concerns about repeat exemptions and in general these are not encouraged by the Authority.
- 1.8 There are also a number of process advantages that could be afforded by the adoption of the DPS.
- 1.9 The CCC total aggregated annual value of all the primary care services commissioned includes payments to providers and drug costs. The drug costs are CCG and community pharmacy re-charges, (contraception, nicotine replacement therapy, stop smoking and drug detoxification medications).

Provider payments: £1,146,000

Drug recharges to the CCG and community pharmacies: £1,080,000

Total: £2,226,000

2. MAIN ISSUES

- 2.1 The Public Health Joint Commissioning Unit is responsible for commissioning these contracts across both local authorities. It is proposed to adopt the DPS procedure for Primary Care contracts held by in CCC and PCC based on the rationale of creating efficiencies and improving the commissioning relationship with primary care providers.
- There are two contractual arrangements that could be termed an “umbrella agreement” which could potentially be used to avoid the annual contracting process for GP contracts.
- 2.2 A framework agreement is a procedure that sets the terms (particularly relating to price, quality and quantity) under which individual contracts can be made throughout the period of the agreement (normally a maximum of 4 years). Once a framework is set up the procurement is closed and no other provider can join the framework until it is re-procured. A framework is typically used where the authority knows they are likely to have a need for particular products or services, but are unsure of the extent. Consequently framework agreements are commonly set up to cover things like office supplies, IT equipment, consultancy services, and repair and maintenance services. A Framework is not flexible and it does not allow for “new providers” joining. Although the framework has benefits, it does not provide the flexibility required for the provision of primary care services.
- 2.3 The Dynamic Purchasing System (DPS) is a procedure available for contracts for works, services and goods commonly available on the market. As a procurement tool, it has some aspects that are similar to a Framework agreement, but with DPS new providers can join or leave at any time during the period of validity. In addition the Public Contracts Regulations 2015 (“PCR 2015”) introduced some changes, one being the introduction of the Light Touch Regime (LTR). The LTR allows the Authority to design procurement procedures suitable for these services provided they comply with general principles such as transparency. There are some key benefits of a DPS system.
- It can be used to make procurement more efficient for both providers and buyers, as providers are not required to demonstrate suitability and capability every time they wish to tender under the DPS, they are also only required to demonstrate the minimum requirements, so for services that are regulated this procedure is very simplistic.
 - The DPS gives providers another opportunity if at first they are unsuccessful. Many contractors are not poor providers, they are poor tenderers. The use of frameworks unnecessarily locks these providers out of the market for up to four years. DPS offers a solution where if they don’t succeed at first they can try again.
 - A DPS can now run for more than four years which supports the development of relationships with key providers.
 - A DPS is likely to have more providers awarded into the system than a framework agreement. This would serve to spread the risk for the authority.
 - It is fully electronic system with no complicated evaluations and moderations.

- 2.4 The DPS system will facilitate various improvements in terms of quality assurance and efficiencies in performance management.
- Currently there are differences in the approaches to primary care contracts across CCC and PCC. There is a good working relationship with the Primary Care commissioners in the Clinical Commissioning Group (CCG) and the Local Medical Committee (LMC) and are keen to harmonise the contracts across the local authorities. The introduction of a DPS system affords the opportunity to align contract timeframes, ensure specifications include the same quality assurance processes and payment systems across all contracts. The pricing system however is based on historical differences and some differences will remain.
 - It will be a more time effective system though reducing the administration time for both CCC and PCC Public Health JCU along with the Authorities' respective procurement and legal teams.
- 2.5 The primary care landscape is changing and going forward there is the risk that different contractual arrangements will be required, the DPS would be sufficiently flexible to accommodate these changes.
- 2.6 Establishing DPS system will require each primary care provider to effectively "bid" to provide a service. This would be a new approach for most GP practices and community pharmacists. However the JCU will work with practices to support them with these processes.
- 2.7 LGSS Procurement has advised on the adoption of the DPS and the proposal has been approved by the Cambridgeshire and Peterborough Joint Commissioning Board.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

The following bullet points set out details of implications identified by officers:

- The introduction of DPS will improve the efficiency of the contracting process and encourage primary care providers to deliver the services to avoid more complex annual contractual arrangements.

3.2 Helping people live healthy and independent lives

- The DPS system will encourage more primary care providers to deliver services that aim to improve the health of the population.

3.3 Supporting and protecting vulnerable people

- The DPS system will encourage more primary care providers to deliver services that aim to improve the health of the population. These services are designed to target areas of higher need.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The report above sets out details of significant implications in **1.1 and 1.9**

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The report above sets out details of significant implications in **2.3**

4.3 Statutory, Legal and Risk Implications

The report above sets out details of significant implications in **2.3, 2.5 and 2.6**

4.4 Equality and Diversity Implications

There are no significant implications within this category

4.5 Engagement and Communications Implications

The report above sets out details of significant implications in 2.6

4.6 Localism and Local Member Involvement

The report above sets out details of significant implications in 2.6

4.7 Public Health Implications

The following bullet points set out details of implications identified by officers:

The introduction of DBS will encourage and support practices to deliver public health services that will improve the health of the population.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Clare Andrews
Have the procurement/contractual/Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Paul White
Has the impact on statutory, legal and	Yes

risk implications been cleared by LGSS Law?	Name of Legal Officer: Allis Karim
Have the equality and diversity implications been cleared by your Service Contact?	Yes or No Name of Officer:

Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Jo Dickson
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes or No Name of Officer:
Have any Public Health implications been cleared by Public Health	Yes or No Name of Officer:

Source Documents	Location
Mills and Reeve User Guide to the Public Contracts Regulations 2015	https://www.procurementportal.com/files/Uploads/Documents/public_contracts_regs_2015_guide.pdf